

THE
S P E E C H

OF THE

HON. WILLIAM H. MAYNARD,

In the Senate of New York,

LIVERED IN COMMITTEE OF THE WHOLE, ON THE BILL INTRODUCED BY MR. BRONSON,
CHAIRMAN OF THE COMMITTEE ON FINANCE, FOR IMPOSING A DIRECT TAX;
AND UPON THE SUBSTITUTE OFFERED BY MR. MAYNARD.

UTICA:
WILLIAM WILLIAMS, 60 GENESEE STREET.
1832.

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MR. MAYNARD'S SPEECH,

AGAINST A DIRECT TAX.

MR. MAYNARD said: It is true, Mr. Chairman, that we have arrived at a crisis that requires the establishment of some principles in reference to the revenues of this state. But how different is our situation, both in this state and nation, from the condition of the people of other countries. While the legislators of other nations are tasking their faculties to raise the supplies necessary for the support of their respective governments, and the people from whom those supplies are to be raised, are staggering under the burdens they are already doomed to bear—we in this nation and this state, are perplexed to devise the proper measures to prevent the dangerous accumulation of funds from existing sources of revenue.

To point out that dangerous accumulation—to warn us against it—and to admonish us to take measures for its prevention—is the object of far the most interesting part of the report accompanying the bill on your table for the imposition of a tax, and forms also the burden of (in my judgment) far the ablest part of the speech of my honorable colleague, (Mr. Bronson,) in support of that bill.

The proposition is to tax the people: the argument is, that you are in danger of an excess of funds, from existing sources of revenue, and must labor to prevent it. The bill and the argument, taken together, amount precisely to these two simple propositions: We have too little revenue, and must impose a tax—we have too much revenue from existing sources, and must adopt measures to prevent a dangerous accumulation of funds therefrom. To a plain man, there appears something paradoxical in these propositions. The people, who are to pay the tax, will demand some explanation. They will desire to know how it can be necessary to impose a tax, when you are alarmed at the certain prospect of having at your disposal a vast accumulation of money which you will not need—for which you have no appropriation or contemplated use—but which may be employed for the purposes of corruption. If you can satisfy them that the imposition of a tax is necessary, they will bear it with patience. It

is their duty to do so; and, if their duty be made clear, they are too patriotic to fail in its performance. But that satisfaction they will demand. They will require you to explain to them why a tax is necessary, and how it happens that when you have such large existing revenues, and such an amount of accumulated funds in prospect, beyond all the purposes for which those revenues were created, you cannot so manage your finances as to avoid taxation. You must make all this plain, or must expect to meet public disapprobation.

But my colleague thinks public sentiment is in favor of the bill, and that the tax he proposes would be approved. Far different is the opinion which I entertain. Our countrymen are averse to taxation, and they will be slow to believe the allegation of its necessity. They have been taught to dread taxation. They have been told that taxation is the process by which despots practice oppression. That the lightness of its burdens is one of the evidences and essential characteristics of a good government. The people, too, have been instructed that taxation was unnecessary. They have been told so in former executive messages, and legislative documents. The present executive has, it is true, held a different language. He has repeatedly recommended and urged taxation. But from the language and conduct of his predecessors, and from legislative action on this subject, the people had a right to infer that they should be free from the imposition of such burdens. Charges have also been made against the government of excessive prodigality in expenditure. A distrust of the prudence and the judgment of the legislature, has been engendered. Previous to the year 1830, I heard but little on that subject. Before that time, I recollect no very grave charge; but in that year, charges of the gravest import—denunciations of the most sweeping character—were made in the most imposing form. They were presented to the legislature, in an important report from a high public officer. I will give you them in his own words. "Where is the immense inheritance of

public property left us by our ancestors? Wasted—dissipated—and nearly gone; a patrimony, which, if it had been managed with the prudence and economy which individuals ordinarily exercise in their own affairs, would have been sufficient to have supported two such governments as ours. Should an individual squander his own goods in the manner that the funds of this state have been wasted, by every legislature previous to the present, such thoughtless profusion would afford ample cause of issuing a commission of lunacy against him.

"The plunder of the public property constantly invites new aggressions; and the easy virtue of legislation in pecuniary affairs, is strongly illustrated by the hordes of seducers that are constantly swarming around its halls."

The author of the report adds: "If a catholicon, which would have effectually cured legislative prodigality, could have been purchased twenty years ago, at the expense of five millions of dollars, the bargain would have been immensely beneficial to the people of this state." [Col. Young's Report on the Chemung canal.]

Such is the character which a public officer gives of his government. Is it true? I will not affirm its truth. That officer unquestionably believed it to be true. It must be so. His report was a solemn official act. It was performed under all the responsibility of his high station—under, too, the solemn sanction of his official oath. During the whole of the twenty years of wasteful prodigality, of which he speaks, he was himself connected with the government—an important member of both branches of the legislature; he must have been familiar with the "hordes of seducers," and have made his declarations from knowledge and experience. That is his testimony, with perfect means of knowledge; he gives his solemn asseveration that the description he has given of the conduct of the government is true. If true, what a picture of wastefulness does it present? What confidence can the people have in their government? An inheritance sufficient for the support of two such governments, "wasted—dissipated—nearly gone." The author of that report has given a rule by which you can estimate the extent of the prodigality of your government.

"If," he says, "a catholicon, which would have effectually cured legislative prodigality could have been purchased twenty years ago, at the expense of five millions of dollars, the bargain would have been immensely beneficial." Five millions at five per cent., for twenty years, and without the process of compounding, for which that officer is distin-

guished, would amount to ten millions. That sum then was squandered by the government in twenty years. More than that indeed, for the assertion is, that the purchase of the "catholicon," at that price, would have been a bargain "immensely beneficial."

Within that period, then, your government, according to the testimony of that distinguished functionary, "wasted," "dissipated," more than ten millions of dollars—more than half a million a year. It is true, that sum exceeds the whole amount of expenditure for the purposes of government, but do not let that trifling circumstance diminish your confidence in the truth of the allegation. Your officer, who made the charge and the assertion, had abundant means of accurate knowledge. That document was printed, by legislative authority. It was published also in the state paper, and ushered to the world with all the imposing recommendations of such high official sanctions. It has been published also in the more enduring form of a pamphlet, and we have been favored with annual distributions. It has been industriously and widely circulated. Will you say it has not gained belief in its statements of facts? What! a document emanating from a source so highly responsible—published by authority—and thereby recommended to the world? The people cannot be so incredulous. To disbelieve such a witness, so high in public employment and consideration, when, too, his testimony is presented to them in a manner so calculated to inspire confidence, would imply strange incredulity. If they do believe it, what must they think of their government? What confidence can they have in the prudence, firmness, or fidelity of their legislators? The same report from which these extracts are taken, portrays the horrors of taxation. And the author expresses the opinion, that "every dollar drawn from the people by taxation, probably costs the community the value of two." If this report has had the contemplated effect, and gained belief with the community, it must have produced a strong and pervading sentiment against taxation. It must have convinced the people that taxation is an enormous evil, to be dreaded, deplored, and avoided. It is in vain that your governor has recommended taxation, and your comptroller has sustained and enforced his recommendations. Here the people see that a public officer, older than either of them—longer and more closely connected with the legislature—proclaims the prodigality and wastefulness of the government, and warns the people against the evils and oppressions of taxation. How then can my colleague imagine that public sentiment will sustain him in the imposition of his

contemplated tax? Public sentiment has been poisoned on the subject of taxation; and believing that, I will vote for no tax, so long as I can find means to support the government without.

But I have other reasons against taxation, which would exist at all times, unless the necessity for it was palpable: it is an expensive mode of raising money. I will not say, with the author of the report referred to, that "for every dollar the government receives by taxation, the community probably pays the value of two"—but a tax certainly does cost the community much more than the government receives. We are to estimate not only the cost of assessment and collection, but the sacrifices to which individuals in moderate circumstances are subjected to procure the money—the loss of time—and loss on property sold for less than its value. Also we should take into the account, the waste produced by forced sales by collectors—and finally the sales of lands for taxes at the capitol. It is impossible to determine exactly the cost of raising money by taxation, but probably it would be safe to estimate it at twenty per cent. Loans can be made for four per cent. I do not propose borrowing, because that is unnecessary; but the necessity for taxation must be great, indeed, to justify a resort to that mode of raising money, at an expense five times greater than would be incurred by loans.

It is also an unequal tax. Individuals of equal amounts of property, are not equally able to pay taxes. The property of one may be productive—of another not. That of one may be unincumbered—of another, covered with judgments and mortgages. No tax can be equal in its pressure upon all classes; but a direct tax falls with undue severity upon the poor, and middling, and laboring classes.

But my principal objection to a direct tax, is, that it is unnecessary.

Before I proceed to show that, I will examine some of the doctrines of the report, and arguments of my colleague.

One argument in favor of the taxation is, that we ought to resort to that mode to raise money for the support of the government, in order to preserve the general fund. According to the report, and the fact, the invested, productive portion of the general fund yields an interest of six per cent. As a financial operation merely, the proposition amounts then precisely to this, that we should raise money at 20 per cent. cost to preserve property worth six per cent.: it will be long before it can be demonstrated to the satisfaction of the people, that this would be a profitable operation. But the report asserts a doctrine of a different character, and

founds upon it an argument addressed to the purest and most virtuous feelings of the human heart, which contemns all pecuniary calculations.

If the doctrine be sound, I admit the consequences, and yield the point that pecuniary considerations ought not to be regarded. The report asserts, that this fund belongs to posterity—that we received it from our ancestors, in trust for posterity—that the "revenue is ours, the capital is theirs—and we are bound to transmit it unimpaired, and in a condition to yield them the same revenue which we have derived from it ourselves." This is not a new idea. The celebrated report on the Chemung canal, to which I have referred, asserts the same doctrine. We are threatened with the denunciations of posterity—we are to be arraigned at their bar for our prodigality and wastefulness—and they are solemnly to disaffirm and repudiate our acts. As I do not expect to enjoy many opportunities to discuss this matter with posterity—I will embrace the present to make my defence against any charges they may prefer on account of misapplication of the general fund, at any time possessed by this state. I deny totally the correctness of the doctrine. The doctrine is, that we must transmit to posterity the funds we receive, "unimpaired, and in a condition to yield the same revenue which we have derived from it ourselves." This doctrine forbids all use of such funds, for the purposes of improvement. We must transmit to them the money, and not an equivalent, or more than an equivalent in something else, because they may not be as well pleased with our acquisitions for them, as with the money expended. This implies that the preservation and transmission of funds to posterity, is the highest duty that can devolve on man. This I deny, and also deny that posterity can assert any such right, or prefer any such claim to the unappropriated funds, either transmitted to, or acquired by, the present generation.

In the first place, the doctrine rests upon a false foundation; it is based upon the assumption that the general fund was transmitted to us by our ancestors. This is an error. That fund did not come to us with any of the venerable attributes of age. It bears no badge of antiquity. It has no immemorial existence or sacred characteristics. The whole fund was the acquisition of the present generation. It is admitted in the report, in accordance with the truth, that the fund was created by the sale of the public lands. Those lands, it is true, existed before the present generation, but they had no available value. Allowing to the present generation the period usually deemed the duration

of a generation, (33 years,) and it will be found not only that the fund was created, but the lands that produced it, were mostly acquired, during its existence. They were chiefly purchased from the Indians, and when acquired had but little intrinsic and no available value. The settlement of the country gave them value. That value was imparted by the expenditure of the wealth, by the toil, the skill, the exertions, and privations of individuals. Without them, the lands from which this fund was created would have had no value. The lands, therefore, and the fund derived from them, have not been transmitted from generation to generation—but are of recent acquisition. According to the doctrine, the lands, and not the proceeds, should have been transmitted to posterity.

But this fund is destitute of another characteristic of a sacred trust. It never was appropriated for any specific object. Where a fund is constituted, appropriated, and set apart for any specific, useful public purpose, the duty devolves upon each successive generation to preserve it sacredly, and apply its proceeds faithfully, according to the design of its creation. Such is the character of our literature and common school funds, and such the duty which will devolve upon succeeding generations in relation to them. But the general fund has no such character. It never received any special appropriation. The power of this generation over that fund, was as ample as over its proceeds; and they had a right to use it for the benefit of posterity. By clearing and settling the country, establishing schools, building churches, towns, villages, and cities—and enduring all the sufferings and privations, and incurring all the expenditure incident to the establishment of a well organized society—they created that fund. If ever a people had a right to use their own acquisitions as they pleased, surely that fund might be so used by those who created it. How have they used it? If they have not been indifferent to their own necessities, they have been mindful of posterity. They have consulted their best interests. Instead of transmitting them unproductive lands, or treasures hoarded with a miser's care—they have made ample provision for their intellectual and moral culture. They have founded numerous academies and colleges, and contributed largely to their endowments. For such purposes they have used a considerable portion of that fund. They have devoted two millions more of it to the perpetual support of academies and common schools. Those large funds are consecrated for ever to that holy purpose, and to be augmented by the proceeds of all the lands owned by the state at the adoption of the present

constitution. And can posterity complain of this provident care of their minds and morals? This generation has also built state prisons at great cost, requiring another large portion of the general fund, for the enforcement of the criminal code, and the protection of society: it has also constructed magnificent works of internal improvement, thereby creating wealth beyond example, and diffusing convenience, comfort, and enjoyment throughout the land. These works are destined to endure forever, and extend their blessings through all time. And after all this, the state now possesses a greater amount of funds than it ever had at any former period.

My colleague has referred to October, 1814, for the state of the general fund. It is the most favorable period that he could have chosen for his purposes. At no other period was it so valuable. But I will take the fund at the same period, and still shew you that you have now a greater aggregate of funds than you had then. I will assume that the canals are worth the amount due for them. That sum is \$8,054,000, which is more than two millions less than they cost, that amount having been already paid. No man will deny that they are worth that amount. You could sell them, if you had the power and disposition, for twice that sum. Upon that hypothesis, let us make a comparison between your financial condition in 1814, and at present:

In Oct. 1814, the general fund	
was	\$4,396,943 97
State debt due	1,503,683 00
Excess of fund over debt	2,893,260 97
Common school fund	822,064 91
Whole amount of funds	\$3,715,325 88
The literature fund was not then created, and three years afterwards it amounted to only \$26,000.	
Now you have a clear general	
fund of	\$684,071 00
Common school fund	1,754,159 40
Literature fund	263,507 96
Canal fund	2,651,000 00
	\$5,352,738 36

You have now, therefore, more than sixteen hundred thousand dollars more of funds in the aggregate, than you possessed at that period. It may be said that the canal fund is pledged for the payment of the canal debt, and cannot therefore be applied to other purposes. It is true: but upon the assumption that the canals are worth the debt, you may claim the existing fund, or what is the same thing, derive from the same sources of revenue that produced it, an equal or greater

fund, after the debt is paid. By the beneficent use of a small portion of your general fund in addition to your credit, you have created a prolific source of revenue. From that resource, you may create a fund larger than you ever possessed, or could have possessed, by hoarding your treasures.

If then young posterity comes here to complain, I will address him after this manner: "You complain of your ancestors, because they did not keep and transmit to you the fund created by the sale of lands! Your ancestors cleared up and settled this fair country for you. They turned a wilderness into a delightful, cultivated country. They built for you school houses, academies and colleges, and endowed them. They created the towns, villages, and cities, and all the establishments of the happy society to which you are introduced. By these means they gave value to the lands, and created the fund. They provided for your intellectual cultivation, and moral worth. By their internal improvements, they have created for you vast, never failing resources of enjoyment and wealth. They transmit to you, also, a greater amount of funds than they ever had at any one time, as the product of those lands. And if all this does not content you, they have done one thing more. They have built ample state prisons; and if you do not stop your unreasonable, false clamors against your parents, we will shut you up!"

Believing that the government has a perfect right to use the principal of the general fund, as well as its revenues, for ordinary purposes and expenses, I am in favor of using that fund rather than resort to taxation. I have no reluctance at expending that fund for the support of the government, and thereby avoiding the necessity of raising money by taxation at such great cost and personal inconvenience. There are many reasons in favor of exhausting that fund for useful objects. It is a deceptive fund. Its real value is always less than its apparent value. Upwards of \$300,000 of its apparent amount is already designated by the comptroller as bad, or doubtful, and deducted from the estimate of its solvent and available items. In its management, the government is perpetually subjected to loss. It is also subjected to trouble, vexation, and expense, in legislating upon the various applications for postponement of payment, remission of interest, and occasionally of principal. It is also a vicious fund; it leads to prodigality of expenditure. I do not by any means admit, that prodigality has been practised to the extent alleged, but the instances of improvident expenditures that have occurred, may be fairly attributed to the existence of that fund. It is natural

that it should be so. Appropriations may have been made, because there was a large fund, from which they could be drawn, which would have been refused if there had been no such fund in existence. The fact that the people will not feel, possibly not know, the expenditure, has a powerful, though perhaps imperceptible influence.

If the present general fund be not expended for the support of the government, it will be expended for objects, possibly, less worthy. Its preservation is impracticable. If you impose a tax, you will not obtain your object. The fund will be expended, and the people subjected to burdens. I propose to save them from those burdens, by the expenditure of the fund. I will hereafter shew that it is sufficient.

But a new doctrine is asserted, which I feel bound to notice, although I should gladly have avoided the discussion. It is broadly asserted, that our canals are not "legitimate sources of revenue." That the state has no right to raise revenue from them. That after the debt incurred in their construction is paid, no greater revenue should be raised from them than is necessary to keep them in repair. This doctrine is founded on the assumption that the canals were made wholly for the purposes of commerce, and not at all for revenue—and we are boldly called upon to shew the title of the state to the canals which it has constructed. With your indulgence, sir, I will present that title.

The constitution, after providing that tolls shall be imposed on all the "navigable communications between the great western and northern lakes and the Atlantic ocean, which now are, or hereafter shall be completed"—and providing that those tolls shall be pledged for the canal debt, and shall neither be reduced nor diverted until the payment of that debt, proceeds to declare, that "the legislature shall never sell or dispose of the salt springs, belonging to this state, nor the lands contiguous thereto, which may be necessary or convenient for their use, nor the said navigable communications, or any part or section thereof; but the same shall be and remain the property of this state." There, sir, is the title deed, deliberately executed by the whole people. Those who deny the title of the state, must come into court, and deny their own deed. This was the assertion of no new claim—it was not the assumption of a title, but was only a more formal and solemn declaration of a pre-existing claim and title, which had never been disputed. It was a provision declaring not only the title of the state to the canals, as it was admitted to exist, but that such title should remain forever. That provision de-

prived the legislature of the power of changing that title, or parting with it, or diminishing the property of the state in those works. That provision declares, that the canals shall be and remain the *property* of the state. Property, for what? Property only to be abandoned—to be made a common highway? That would be a novel definition of the word. The term, property, must have acquired some new meaning. If the owner of property has not a right to use it in a manner most beneficial to himself, without interference with the rights of others, and to determine for himself what manner will be most beneficial, our ideas of property are all wrong. Property, according to this doctrine, instead of conferring upon the owner, the absolute, uncontrolled right to use and manage it for his own benefit, imposes the duty of keeping and preserving it for the use of others. But what meaning was affixed to the word property, when the provision was inserted in the constitution, and ratified by the people? It cannot be denied that the word has now, and must forever retain, the same meaning that it had then.

Property, in that particular use of the word, must now and forever be understood, as the framers of the constitution, at the time of its insertion, and the people, at the adoption of that instrument, understood it. Was it then understood to confer no right to raise a revenue? Was such a doctrine then asserted? Was such, then, declared to be the meaning and limitation of the provision? The canals were then in progress. The purposes for which they were undertaken—the objects to be accomplished by them—the interests and rights of the state in and over them—were well understood. The previous history of the canals was fresh; the designs, the motives that led to the commencement of those great works, were familiarly and universally known. Was it then declared that the object of securing to the state a perpetual property in them, implied a denial of the right of raising revenue from them? No such doctrine was then asserted—no such pretence was then made—no man then thought of giving such a restricted meaning to the word property, or of thus limiting the power and rights of the state. Nor had such a doctrine been asserted at any former period. This view leads to an inquiry as to the motives, purposes, and objects for which the canals were commenced and constructed.

The committee on finance, in their report, declare that the “canals were made for commerce,” and the course of argument in which they indulge, would imply that they were made exclusively for that object; that no reference whatever was had to revenue.

Indeed, that is the argument of my colleague, (Mr. Bronson,) and the gentleman from the 8th, (Mr. Tracy.)

The canal board, in their report, made in obedience to a resolution of the Senate, in April, 1830, say: “The advantages to the people of this state to be derived from the construction of the navigable communications, between the great western and northern lakes and the Atlantic ocean, were doubtless based upon the anticipated revenues which these works would produce.

I do not cite the opinion of the canal board as authority. On a former occasion I labored to shew its fallacy. But I introduce it for the purpose of presenting the extremes of the doctrine on this subject. The canal board asserts, that revenue was the primary object in the construction of the canals. The committee declare it was no object at all—that commerce was not only the primary, but the exclusive object. Here there is a palpable, irreconcilable disagreement. As I understand this subject, both are alike in error. On the occasion I have referred to, (the discussion on the bill for the construction of the Chenango canal,) I endeavored to show that the *primary* object for which the system of internal improvements was undertaken, and the canals were constructed, was the extension of commercial facilities—that revenue was an object secondary and subordinate to commerce—but nevertheless, with equal certainty, an object. It is not necessary for me, on this occasion, to prove that commerce was the primary object, since the report and the gentlemen who support its doctrines assert that it was not only the primary, but the exclusive object. To determine the truth, in this particular, we must refer to the contemporary history. I assert, that revenue was an object; and in support of that, I appeal to every public document having any bearing upon this point, from the first suggestion of the project to the completion of the Erie and Champlain canals. Heretofore, I have presented some of the documents that contain this proof. I will not now produce any, or appeal to any one in particular, but I refer to every one, from the commencement of the system to the completion of the works. You will find revenue conspicuously exhibited, as one of the inducements to the commencement, one of the objects for the prosecution, one of the great advantages to be enjoyed by the people of this state from the completion—in the communications of the executive—the reports of committees of both houses—and in the reports of the canal commissioners. Nor was that revenue to be raised solely for the purpose of paying the debt incurred in the construction, and reim-

bursing the general fund for its advances, but the further application of that revenue was distinctly indicated. In the same reports, it was continually and confidently presented to the legislature and the people, that the canals, after the payment of the cost of their construction, would afford a prolific revenue, to be applied to the further prosecution of the system of internal improvements, the promotion of education, and the support of the government. These were the great and useful purposes to which the revenue to be afforded by the canals was to be devoted, and these views were presented, in the most imposing manner, as inducements to the commencement and prosecution of the work. No proof of these facts is necessary. My colleague, (Mr. Bronson,) and the gentleman from the 8th, admit that such are the contents of the public documents. But my colleague insists, that they constituted no pledge that revenue should be raised from the canals, and that those views, presented in such documents, were no more important than his report containing the contrary doctrine—that both express the opinions of the respective committees whence they emanated, and are entitled to equal respect. I freely admit that his report resembles those public documents, in some of its characteristics. In ability, and respectability of authorship, it may be entitled to equality. But in one particular, it is yet most essentially dissimilar. Those public documents received the sanction of the legislature. They were accompanied or followed by bills making appropriations for the prosecution of the work. The passage of those bills, founded upon these documents, furnishes evidence that their principles met the approbation of the legislature and the people. The report of my honorable colleague has not yet that high and solemn sanction. When the bill for the imposition of a tax, which he introduced in conjunction with that report, shall have become a law, his report will more closely resemble those other documents, as matter of evidence and authority. But until that event shall accrue, his report is evidence only of the opinions of those who embrace its doctrines.

The gentleman from the 8th, says, that opinions were confidently expressed in the legislature and the community, adverse to the utility of the contemplated canals, either for commerce or revenue; and those opinions may be offset against the highly favorable and flattering ones contained in the public documents. There is one vast difference. The dismal forebodings, the ill-boding prophecies of the opponents of the canal policy, were rejected and disregarded, while the

views presented in the public documents of advantages to commerce, and abundance of revenue, influenced the action of the legislature. The funds to execute the canals were appropriated under these inducements. By means of them, votes were obtained in favor of the bills granting the supplies. The object of revenue was a powerful and indispensable inducement. In the passage of the bills, the votes of many were required who represented counties and districts, which, from their situation, would not partake directly in the commercial advantages created by the canals. To influence them, the inducement of revenue was presented. It was powerfully urged, and proved effectual. Revenue was to be the means by which the advantages of the canals were to be more nearly equalized. That revenue was to be used to extend the benefits of the canal system to other sections of the state. It was also to be applied to the promotion of education, and the diffusion of its blessings.

It was likewise to contribute to the ordinary expenses of the government, and the prospect was presented of freedom from taxation forever. These were the pretences and inducements by which the necessary funds were obtained. The supplies were voted—the canals made—their immense commercial advantages secured—and now we are told that notwithstanding such were the pretences and inducements, no such thing was ever intended. Revenue was no object; and when the debt is paid, and the general fund reimbursed, the tolls must be abolished. Sir, we have a statute declaring it to be a misdemeanor to obtain goods under false pretences. Will you explain to me why it is less heinous in point of morality to obtain money by false pretences than goods? If the inducements held out were real, sincere, and influential, then revenue was an object in the construction of the canals. If they were not, then the money was obtained by false pretences—by fraud—and it will be fraudulent in those who disappoint the expectations which were created by those inducements. I desire not to be a partaker in that fraud, or in its fruits.

The property of the state in the canals is as ample, and secured by the same instrument and terms, as in the salt springs; and it might with the same propriety be contended, that the state should not raise revenue from them as from the canals. But, say gentlemen, commerce ought to have been the sole object in undertaking the canals, and therefore it is to be presumed that it was the exclusive object. The inquiry is not what should have been, but what actually were the motives that led to engagement in

the enterprise. There is no difficulty now in coming to the conclusion that commerce was, of itself, a sufficient object, and if the canals had been undertaken for that alone, it would have been an abundant inducement. Yet, it is certain that so far was that from being the exclusive object, that one such report as that now under consideration, or one such speech as that of my colleague, or the gentleman from the 8th—from any friend of the canals, at, or soon after the commencement of the work—would have blown up the whole system. It is easy now to talk of the vast importance of the enterprise—its immense benefits—the facility with which the work was executed—the fact that there really was no hazard—that success was certain, and recompense superabundant—of the folly and absurdity of those who doubted the practicability or utility of the work, and hesitated to commence it. Yet far different was the case when it's commencement was a subject for consideration. All then was doubt and uncertainty. We had no experience to guide us—no results on which to found calculations. Votes were to be obtained. They were withheld from honest fears of the consequences, and finally given with reluctance. All the inducements which the works promised, were held out—repeated—and powerfully urged. Of them, revenue was one of the most influential. It may be with perfect safety affirmed, that without that, in addition to commerce, the work would never have been commenced, or if begun, would have been only partially executed. It must be in the recollection of us all, that the execution of the western section was long a matter of debate and hesitation. A different plan—that of connecting the canal with Lake Ontario, by the Oswego river—was recommended, in a powerful pamphlet, which commanded the assent of most enlightened minds. It is probably owing to the intelligence, firmness, and decision of two individuals, inhabitants of the same town with yourself, Mr. chairman, (Mr. Foster was then in the chair,)—one at the head of the engineer department, and the other chairman of the canal committee, of the assembly—that the western section was ever made. I rejoice that it was constructed, although its execution cost the state more than three millions of dollars.

Most of the commercial advantages would have been secured without it, but the benefits to the western section would never have been so largely enjoyed. I admit that the whole state has been benefitted by the canals, but those benefits have not been equally distributed. Some sections, in consequence of their situation, have partaken of them much

more largely than others. I recently gave you the evidence of the benefits derived by the city of New York. I beg leave to refer to it again. Take the assessed value of the real estate of that city for two periods of seven years each, and you have the proof in the most conspicuous and conclusive form. The first period embraces the years from 1817 to 1824, inclusive. In the first of those years, the assessed amount of real estate was upwards of fifty-eight millions of dollars, in the last it had sunk to little more than fifty-two millions. While, therefore, the city enjoyed all that the state of the world could permit of foreign commerce, her real estate diminished almost six millions of dollars. The second period embraces the years from 1825 to 1831, inclusive. At the close of the first of those years, the canals were completed; but the use and advantage of a great portion of them had been enjoyed the whole year. In 1825, the valuation of the real estate in that city amounted to upwards of fifty-eight millions—more than six millions above the valuation of the preceding year; and in 1831, it exceeded ninety-five millions, giving an increase of almost forty-four millions in seven years, and an average increase of more than six millions a year. When this tide of prosperity commenced its flow, the city was not stationary, but on the decline. Its advancement has been sudden and rapid, beyond all former example. Nearly forty-four millions of dollars—almost one half of the assessed value of its real estate, has been created by the canals. Yet this effect does not equal the effect produced by the canals upon the western section of the state. The people of that highly favored region, owe to them more than half of all they are worth. Some idea of the benefits conferred upon that part of the state, may be acquired from the comparison of the expenses of transportation before and since the Erie canal was completed. Before, the expense from Albany to Buffalo was \$70 a ton: now it is \$19. From Buffalo to Albany, it was \$50: now it is \$10—half freight, half tolls. The enhancement in the value of the real estate, may be estimated from the increased value imparted to its products, and from the towns, villages, and cities which the canal has created along its line. What the western people pay in tolls, is therefore a small tax for immense pecuniary benefits.

The gentleman from the 8th said, that the state of New York had been styled magnanimous; and he seemed to imply, that, by attempting to raise revenue from the canals, she would forfeit her character for magnanimity. New York has indeed a lofty character for magnanimity, energy, and enterprise.

Long may she retain it! Long may that character, and a still more enviable character for justice, stand recorded in the pure and exalted language of deserved commendation! Far distant may the day be, when New York shall cease to be magnanimous—still more distant may that day be, when she shall cease to be just—but still more remote may that day be, when the west, the generous, glorious west—shall become selfish, narrow, and illiberal in her policy.

But it is affirmed, that “public works are not legitimate subjects of revenue.” This proposition seems to assert, that there is some inflexible principle, either in morality or policy, which forbids the raising of revenue from such sources. What is it? Where is it to be found? Is it some cardinal principle in nature? Does it form the foundation of a code of ethics? Is it matter of conventional agreement? Is it a settled point in international law? Is there any prohibition contained in any written constitution? Has the conduct of nations repudiated the policy? These are subjects on which the advocates of the proposition should enlighten the world. Let them tell us why “public works are not legitimate subjects of revenue.” If they were constructed expressly for the purpose of revenue, made by original intent subjects of revenue—let them explain why they “are not legitimate.” The gentleman from the 8th, says, “if the Erie canal had not been constructed by the state, it would have been constructed by an incorporated company.” Without stopping to discuss the probability of such an event, let us inquire what difference that would have made in the matter of taxation. If the state has not a right to raise revenue from public works for the benefit of the whole community, whence has it a right to authorise a company to raise revenue for its private emolument? With all incorporations for the execution of public works, revenue, if not the exclusive object, is an essential and controlling inducement: no public works would ever be executed by an incorporation without it. That revenue can be raised only by a tax on those who use it. The government confers upon the incorporation the power of taxation. If it has not a right to tax directly, by its own authority, for the benefit of the whole state—tell me, sir, whence it derives the right to tax by indirection, for private purposes. And would the condition of the western people have been improved, if that magnificent work had been executed by an incorporation, rather than constructed by the state. An incorporation for that purpose must have had a charter, either interminable or of very long duration, and conferring very ample powers.

No other would have been accepted for an enterprise so vast, expensive, and, then deemed, so hazardous. The previous practice of the state justifies the belief that such a charter, if granted, would have been with unlimited duration. The practice of the state had been, in granting incorporations for public improvements of far less magnitude, (roads and bridges,) to make them without limitation of time, or grant them upon a condition which rendered them perpetual. And even now, when public opinion and the practice of the legislature has changed on that subject, we grant incorporations for rail roads to endure for fifty years. If we have a right to grant them for that period, we have for any longer term. The question of right is confined to the existence of a generation. If we have a right to grant an incorporation to continue beyond the duration of a generation, we have an equal right to extend its existence to any imaginable period. If we have a right to bind the next succeeding generation, we have the same right to bind the tenth or hundredth generation. Mr. Jefferson, who has discoursed upon this subject, considers nineteen years as the existence of a generation; that is, that a majority of the actors at the commencement of the period, will be displaced by others at its close, and therefore concludes that that is the period for which a government may make its acts, affecting property, binding. The more usual estimate for the duration of a generation, is thirty three years. Whatever the period of its existence may be, when we have passed its boundary, the point at which we shall stop is matter of entirely arbitrary assumption, fixed and determined by no principle of right.

We grant these charters, too, with unrestricted powers of taxation. If therefore the practice of the legislature is, and always has been to grant charters to companies for public improvements, and for objects comparatively unimportant, for long or unlimited duration, and, in many cases, with unrestricted powers of raising revenue by means of tolls or duties, it may be safely assumed, that, if an incorporation were to have been created, for the construction of the Erie canal, it would have been invested with a long if not perpetual existence, and the amplest powers. The argument, then, of the gentleman on this point amounts to this: the state has no right to raise revenue from the Erie canal for the benefit of the whole community, but it would have a right to raise any amount of revenue, and for all time, by indirection, for the exclusive benefit of an incorporation; and the people of the west, instead of having that revenue regulated by the government in which

they themselves exercise a powerful influence, would have been in an improved condition, if they had been subject to unlimited taxation, imposed by the "tender mercies" of an artificial, soulless being.

The gentleman from the 8th said he voted for the Chenango canal—that in that measure he acted with me—he was satisfied that it was a risk the state ought to run—he supposed his views and mine were alike, but he was surprised to find that I advocated the payment of the cost of that contemplated improvement out of the funds to be accumulated from the canal revenues. If he had reflected, he could have been at no loss as to the motives of my action. They had been plainly, explicitly, and repeatedly stated. My principle is, let the system extend itself. One purpose of the canal revenues was to extend the system.

I do say, pay the cost of the short, tributary canals out of the funds which will be accumulated from the canal revenues. And I maintain the justice of this on the principle of contribution. All the tributary canals contribute to increase the tolls of the Erie canal, and thereby swell the amount of the canal revenues, and hasten the period when the canal fund will equal the amount of the canal debt. As the cost of the construction of the Erie canal will be paid, to some extent, by the contributions of the tributary canals, it is the plainest principle of justice that when its debt is paid, it should refund to the tributaries at least an equal amount, if so much should be required.

The Chenango canal would be a large contributor to the revenues of the Erie canal, and upon the same principle the funds accumulated from those revenues may with perfect justice be applied to the payment of the cost of its construction.

But the gentleman says the cost of the Champlain canal is charged upon the revenues of the Erie. I regret that the gentleman had not been in his place and listened to the argument of my colleague from Oneida, (Mr. Foster,) for he would have seen proved, as clear as demonstration can make it, that the Champlain canal, after paying all the expenses incurred for its own sustenance, and the interest upon its cost, affords an annual surplus to be applied to the payment of the debt incurred for its construction. On a former occasion he made the same clear proof in reference to the Cayuga and Seneca canal.

The Oswego canal has been represented as failing to sustain itself. Great injustice has been done it. Let it have credit for what it has done, and a very different result will be produced. In the first place it cre-

ated a portion of the means employed for its construction—certain lands were appropriated by the state for that purpose. The canal was commenced, and the lands have since been sold. They have produced upwards of \$173,000. Will you tell me, sir, what they would have produced at the same time, if the canal had not been undertaken? It cannot be told; but all who are acquainted with the circumstances, know well, that the product would not have been near that amount. From the cost of construction should have been deducted the sum which the canal added to the value of those lands. The state has yet other lands which have also been greatly enhanced in value by the same cause. The canal commissioners admit that the Oswego canal should have credit for \$3000 annually, for tolls on wood permitted to pass toll free, for the benefit of the salt springs. If you will estimate the effect of that canal in diminishing the expense in the manufacture, and consequently the extent of the sale of that article, and in the increase of canal revenue from salt duties, you will find the Oswego canal entitled to much larger credit on that account. But its demands upon the Erie canal for contributions, are of still greater amount. Every thing which passes from the Oswego canal on to the Erie, and would not have passed without it, pays a much larger sum in tolls on the Erie canal than it does on the Oswego. The length of the Oswego canal is 38 miles; it unites with the Erie canal 170 miles from its junction with the Hudson river; commodities passing on the Oswego do not pay toll, on the average, on its whole length. It is fair, therefore, to assume that these commodities pay five times the amount on the Erie canal, that they do on the Oswego. I will notice a single item. Lumber constitutes an important one in the transportation on the Oswego. Without that canal not a stick of it would ever have found its way into the Erie canal. It now goes to the Hudson river. If, therefore, lumber pays \$4000 on the Oswego canal, it contributes \$20,000 annually to the tolls of the Erie canal. Several millions of feet pass every year, and that estimate is probably below the reality. A careful scrutiny would produce a similar result as to every article transported on the Oswego canal, and establish the fact, that the canal has afforded every year a surplus after defraying all its expenses. It will also exhibit the further fact, that the Erie canal is, to a respectable amount, the debtor of the tributary canals.

The report affirms that "the interests of commerce are paramount to all others"—and that "commerce should not be made to suf-

fer for the incidental advantages which the canal has conferred on the adjacent country."

This proposition gives a wonderful prominence to commerce; and to advance its interests tolls on the transportation on the canals must be abolished. Sir, what is commerce? It is merely the exchange of the surplus productions of agriculture and manufactures.—Commerce is not the original, primary interest. It is founded and dependent upon agriculture and manufactures. They are the aliment of commerce. They furnish the materials, and without them it cannot exist. Agriculture and manufactures may exist without commerce. They may not flourish without it. Agriculture and manufactures are essential to commerce, and all are mutually beneficial to each other. How then can it be affirmed that the "interests of commerce are paramount to all others"? The proposition seems to imply that commerce should not be taxed. Its interests are so sacred and paramount, that it should be exempted from a share in the burdens which the public exigencies require. This seems to imply that taxation on commerce falls solely on that, and does not affect other great interests. Is such the fact? These allegations are made in reference to the canal tolls. Do they affect commerce alone? Who pays them? Not the merchant, through whose hands the commodities on which they are levied, pass. He reckons the money he advances for tolls as a part of the cost, and makes a profit upon it. The tolls upon the merchandize transported upon the canals are paid by the consumers; and upon the products of the soil, by the consumers or producers. And who are they? Not alone men engaged in commerce, but individuals of every avocation in life. The canal tolls affect commerce least of all the great interests, and fall most heavily upon manufactures and agriculture. Those tolls are paid as all duties and imposts are, by those who produce or consume the articles upon which they are imposed. Tolls, duties, and imposts, may be impediments to commerce when so high as to amount to prohibitions; but unless they are, whatever they may be, they are paid chiefly by those who are not connected with commerce. It might with equal propriety be contended that all duties and imposts on importations should be abolished, because the "interests of commerce are paramount to all others." Then all the public revenue must be raised by direct taxation. This doctrine may be rendered beautiful in theory, and supported by plausible reasoning and imposing statements; but it is against the judgment of the world. If tolls, duties and imposts are taxes upon

commerce, all civilized nations tax commerce; it is the practice of all christendom. In the policy of this, all mankind agree. It is not because it is a tax on commerce exclusively, but because it is a convenient mode of levying taxes upon all the members of a community who should pay them. Nor is it solely because it is easier for a government to raise revenue in that mode than in any other; but it is because communities prefer to pay taxes in that way. It may not be the most equal, but it is the most agreeable way of providing for the support of government. What has been always done and is now universally practised, with the unanimous assent of mankind, may surely be regarded as public sentiment.

Following out the idea of benefitting commerce, my colleague and the gentleman from the 8th, contend, that it is the duty of the commissioners of the canal fund, to go into the market and purchase up the canal stocks at any price at which they can be obtained. The first answer to this is, that it is impossible. These officers have not, in this particular, been negligent of their duty. They have made the attempt, and with no success. They have not been able to purchase a single dollar's worth of stock. The moment they employ an agent for that purpose, brokers discover him, and the stocks immediately rise. It is in vain to task your officers with the duty of purchasing those stocks until a change shall occur, in the pecuniary condition of the world, that shall render it undesirable to hold them. But, if those stocks were attainable, would it be judicious to purchase them at their present price? The committee have shewn us in their report what it would cost. That document assumes that the canal stocks are worth on an average, a premium of 15 per cent. and amounting in the aggregate to \$1,208,346 75 of premium necessary to effect the redemption of the canal stocks. According to this doctrine, we must give away upwards of \$1,200,000 for the privilege of paying our debts, and that too when nearly one half of the amount becomes payable in five years, when payment can be made without a sacrifice. And indeed, when we receive 4 1-2 per cent. interest on our canal fund, and pay only 5 and 6 per cent. upon our stocks, to save the difference of one and one-half per cent. interest, we must give away one-seventh part of the principal, amounting to more than \$1,200,000, a sum more than sufficient to support our government for three years—and all this for the benefit of commerce—that the tolls may be abolished and commodities pass free. This would be a beautiful, practical illustration

of the doctrine of free trade. We must give away what we have in possession, for the purpose of trying the experiment of splendid theories, and in the hope of obtaining a fanciful, ideal advantage. Yes, there is one benefit more to be attained by this operation: The precious privilege of subjecting the people of the state to "eternal taxation." The right of raising revenue from the canals, for which I contend, does not involve the question of the rates of tolls it would be proper to establish. This question has been discussed by the gentlemen who deny the right, as though there was no alternative between the present rates and a total abolition. That is not a full and correct view of the case. No one insists that the present rates should be always retained. Such a doctrine has never been advocated on this floor. I have on every befitting occasion declared my conviction, that the tolls were now too high for the purposes both of commerce and revenue. About one third of the present rates is above the constitutional requirement. That excess, in my judgment, might be taken off with advantage to the commerce of the country and the canal revenue. My colleague has made statements to illustrate the effect of reduction of tolls to increase transportation. I agree perfectly in the fact of such tendency, though his anticipations of the extent of such increase surpass my own. It is not necessary to give you abundant revenue with reduced tolls, that the increase should equal his calculations. Half the present tolls will give you a plentiful revenue. A quarter of the present rates will yield it so generously, that you may fulfil all the implied obligations of the state, extend its usefulness, exalt its character, and satisfy all the high expectations that your former acts have excited. Those rates should be adjusted with reference to the interests of the community, and should never be oppressive.

My colleague urges the abolition of the canal tolls for the purpose of extending the benefits of the canals. He contends that, by this process, a section on each side of the canals, and parallel to them would be admitted to a participation in the privileges of the canals which are now debarred by the expense of transportation, and he exhibits the strips of country that would be so benefitted. The statement and the argument are undoubtedly true, but he seems not to have perceived that to make this extension of privileges, great additional advantages must be conferred upon the sections of the country now in the full enjoyment of the benefits of the canals, and which do not need any extension, while no benefits whatever would be conferred upon

other portions of the state equally meritorious & now suffering from the deprivation of commercial facilities. His plan would surfeit with blessings those who do not need them, and extend them not at all to those who want and deserve them most. Yet, for this partial and imperfect extension of canal accommodations, the canal tolls *are to be sacrificed*.

My plan is to extend those benefits latterly by a reduction of tolls, and to raise revenue by the imposition of moderate and reasonable tolls, and extend similar advantages to other and more remote sections of the state by the construction of tributary canals. In this way you will swell the amount of your canal revenues, increase your commerce, and render equal and exact justice to all the inhabitants of the state.

I will now proceed to shew you the propriety of the plan I have offered as a substitute for a tax, and its sufficiency for all the public exigencies. The bill on your table proposes a tax for two years. My plan intends to provide for the support of the government for two years, and then indicates a different mode of support for the future, so as to render taxation forever unnecessary. This substitute provides for the transfer of the bonds and mortgages, and other good securities belonging to the general fund, to the literature and common school funds, in exchange for money. And to enable those funds to purchase them it further provides for the purchase and redemption, with money belonging to the canal fund, of the canal stocks now held by those funds. Those stocks amount to \$420,000, and bear an interest of five per cent. The effect of the whole operation, will be to benefit the literature and common school funds, by giving them good securities bearing an interest of six per cent. in exchange for five per cent. stocks, thereby increasing their income. It will also benefit the canal fund by investing a portion of the money belonging to it, which lately produced interest at only 3 1-2 and now 4 1-2 per cent. in stocks at 5 per cent. The further advantage of this plan, is, that it will supply the general fund with money for the purposes of government.

I will now shew that the general fund is sufficient for all your wants for two years, the proposed duration of the tax. First let us ascertain what you do want. The ordinary, estimated expenses of the government are a little short of \$270,000 a year, to which must now be added the interest on the debt to Mr. Astor—this will be about \$28,000. Allow then \$77,000 annually for extraordinary expenditures (a sum exceeding recent precedent) and the whole amount of your expenses will be \$375,000 a year.

The next point is to shew you that your general fund will be sufficient.

That fund, according to the comptroller and the committee, consists of good securities & stocks amounting to \$684,071, and producing in interest \$41,044.28. But if we use portions of the capital, according to the propositions of the substitute, the interest will be diminished. I have therefore estimated it at only \$24,000. There are other sources of revenue, which I have taken according to the comptroller's estimate.

The means of the government will therefore stand as follows :

General fund,	\$684,071
Interest,	24,000
Fees of officers,	1,000
Pedlar's licences,	1,400
Interest on arrears of county taxes,	4,000
Miscellaneous receipts,	2,000
First payments on sales of land,	20,000
	<hr/>
	\$736,471
One year's expenditure,	375,000
	<hr/>
	\$361,471
Interest,	12,000
Other receipts as before,	28,400
	<hr/>
	\$401,871
Second year's expenditure,	375,000
	<hr/>
	26,871

This statement shews that the general fund is sufficient to carry you through the two years for which the tax is proposed, with a prospect of a balance at the end of near 27,000 dollars—allow that for casualties. The general fund will also be increased by the sales of land, the securities taken upon such sales may be transferred to the literature and common school funds according to the process provided in the substitute, if the necessities of the government require.

It is evident therefore that you have abundant means for all the purposes of the government for which you propose to tax. A resort to taxation is then therefore unnecessary. If you must have recourse to that method of raising money finally, why not postpone it until your present means are exhausted? But if you impose the tax now, what are you to do at the expiration of the period? You will then be in no better condition to dispense with taxation. If the reasoning in favor of taxation now be sound, it will be equally powerful and sufficient then. The committee have proposed no plan for the future supply of the treasury. If you tax now, your general fund will not be materially increased within two years, and you propose no substitute for taxation; you may therefore

as well make it perpetual. I propose to dispense with taxation forever, and have therefore submitted a proposition for the future support of the government. That is, to transfer the auction and salt duties from the canal fund to the general fund. That requires an amendment of the constitution and I have accordingly introduced a resolution having that for its object. If that resolution pass this and the next legislature and meet the approbation of the people, it will take effect at the expiration of two years, and will supply your treasury immediately upon the exhaustion of the general fund. I desire to submit that question to the people. If they approve of the resolution, and the consequent transfer of those revenues, it will be decisive evidence that they disapprove of taxation. If they reject the resolution, it may then be assumed that public sentiment is in favor of raising by taxation the supplies necessary for the government. You may then make taxation perpetual. But I desire that you should ask the people, and I will be as ready as you, to abide their answer.

The auction and salt duties will be sufficient for all your wants. They produced last year over \$405,000 of clear revenue. That sum exceeds your annual expenditure. If the transfer be made you will have an abundant provision for the future, as well as the present supply of your treasury—the canal fund does not need these resources. Its revenues will be excessive without them. You took them from the general fund when they yielded only about \$124,000, and you can now return them to it more than trebled in productiveness. They have rendered essential service to the canals, and the canals have chiefly caused this increase in their value.

But gentlemen say this is borrowing, and they represent me as having said, on a former occasion, that borrowing was the "simple process of simple men." With one addition, I adopt the sentiment—"Borrowing, without necessity, is the simple process of simple men." The committee in their report represent our financial condition to be such that there is no alternative afforded us but borrowing or taxation. I resist their reasoning—deny the accuracy of their statements, and dissent from their conclusions. I insist that such is not our condition, and maintain that both alike are unnecessary. It is clear that my plan contemplates no borrowing. When a man borrows he contracts a debt, either upon a pledge of his credit or his property. When he sells his property and receives payment, he does not borrow the money. No man borrows when he gives an equivalent for the money he receives,

and the transaction is absolute, unaccompanied with any stipulation for a return. This illustrates the difference between borrowing and the plan I have proposed. The process requires exchanges between your several funds, but neither becomes the debtor of the other. The transaction is completed and each fund is a gainer by the operation—where then is the borrowing?

But it is asserted that we owe Mr. Astor nearly the amount of the general fund, and therefore it is inferred that we have no such fund. Do gentlemen who make this assertion propose to apply the general fund to the payment of Mr. Astor's claim? Not so. Far different is the disposition made of that debt. The chairman who introduced the bill for taxation introduced also a bill for the settlement of that claim by the issue of stock. In that way that claim is for the present adjusted. What pertinency then is there in speaking of that debt in reference to the general fund? No part of that fund has been applied to its payment, nor is there any intention to make such application. If he would take it, good policy would not permit the use of it, for his payment. More especially, if, in consequence thereof, a resort must be had to taxation. He is willing to take stock redeemable, on time, at four per cent. Payment of his demand with the general fund, and a resort to taxation, as a financial operation, would be raising money at per cent. to pay a debt bearing interest at per cent.

But you may inquire, How shall the debt to Mr. Astor be paid? I answer, out of the funds which must accumulate from existing sources of revenue. You are destined to have that accumulation. Causes now existing will produce it. You have nothing to do but to permit your revenues to flow into your treasury from channels already open and prolific, and you will have an amount of fund dangerous from its magnitude, and for which you have no earthly appropriation. By the constitution the canal tolls can neither be reduced below the constitutional establishment, nor diverted from the purpose to which they are pledged, "before the full and complete payment of the canal debt." That event cannot happen until July, 1846. Not because you will not have ample means, but because you cannot compel payment at an earlier day. The canal fund is now \$2,651,000, which has been chiefly accumulated in four years, and the canal revenues, which have produced it, for the two last years have increased at the rate of about

\$250,000 annually. If no part of those revenues should be diverted, and should continue to increase at the same rate, you will have on the first of January, 1847, after payment of all the debt for which those revenues are pledged, a fund of more than thirty millions of dollars. An amount larger than the whole bank capital of the state.

But my plan contemplates a transfer of the auction and salt revenues from the canal fund to the general fund, by which a portion of this dangerous accumulation will be prevented. But still you will have a great fund for which you have now no destined use. Let us ascertain its probable amount, if the transfer takes place. There will be twenty years of full revenue before it can be effected. Calculating at the same rate of increase as has been experienced for the two last years, the canal fund will be, on the first of January, 1834, \$5,300,000. But take it at only, although you now receive four and half. Estimate, also, that there will be an increase of tolls, contrary to all past experience and future probability, and calculate the annual surplus of the canal tolls over expenditure at only \$500,000, a sum less than the last year's surplus from tolls alone, and you will still have an immense fund. Calculating upon these data, so much more unfavorable than past results would justify, and you will have on the first of January, 1847, after payment of all the canal debt for which those revenues are pledged, a fund of more than \$11,500,000 then entirely unincumbered, and applicable to any purpose of public use. I would pay the debt to Mr. Astor as I would pay all the other debts which you may then have, out of that fund. You will still have left a larger sum than the largest amount of your general fund. You are destined, and, if you will so consider, you are doomed to have this great accumulation. When such is the clear prospect, which nothing but unforeseen and unprecedented calamities can prevent, how can it be pretended that there is any necessity of a resort either to taxation or loans for the supply of the treasury. To avoid such an alternative requires nothing but a prudent and judicious management of your existing finances. You have enough for the present, and more than enough in certain prospect for all your imaginable wants. And if the finances of this state shall be managed with proper judgment and discretion, the people may be forever free from direct taxation for the support of their government.

NOTE. The bill imposing a tax was rejected, and the substitute offered by Mr. Maynard adopted, 18 to 5, and passed the assembly nearly unanimously.